

Department of Social and Health Services

DP Code/Title: M2-PY Audit Responses

Program Level - 040 Div of Developmental Disabilities

Budget Period: 2001-03 Version: D3 040 2001-03 2003 Sup Agency Req

Recommendation Summary Text:

This request addresses infrastructure issues identified within the Developmental Disabilities Services (DDS) during recent audits by the Joint Legislative Audit Review Committee (JLARC), Sterling Associates, and the Center for Medicaid and Medicare Services (CMS). This request also includes funding for the design and development of a case management information system.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	0	664,000	664,000
001-C General Fund - Basic Account-DSHS Medicaid Federal	0	454,000	454,000
Total Cost	0	1,118,000	1,118,000

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Agency FTEs	0.0	3.8	1.9

Package Description:

Audit Responses:

In September 2001, JLARC initiated a review of DDS caseload and case management system, and concluded, in a February 2002 report to the Legislature, that the division could not be relied upon for accurate information. The report cited the lack of effective management controls, identifying a number of ineligible clients receiving services. The report also indicated that the division did not maintain accurate caseload information, that client data and payment data could not be linked, and that accurate estimates of caseload growth and staffing requirements could not be made.

In response to the JLARC report, the Governor's Office directed the department to conduct an external review of DDS. The consulting firm Sterling Associates, was selected and began a management review in late February 2002. The scope of the review was limited to policies, practices, systems, processes, and functions effecting client eligibility determinations, case management costs, and the accuracy of the division's data. The Sterling report was released in May 2002, and included six primary recommendations that the division should implement over time. Additionally, the report identified several improvements that should be made immediately. These included the appointment of a Deputy Director, the appointment of a Communications Specialist, the development of a new client eligibility procedure, and the development of procedures to improve data accuracy.

In July 2002, the CMS released an audit of the division's Home and Community Based Services (HCBS) waiver. In this report, CMS cited the division for deficiencies in the areas of access to services, Medicaid eligibility, HCBS waiver eligibility, needs assessments, plans of care for clients, financial accountability, and fair hearings. According to the CMS report, these deficiencies resulted in ineligible clients receiving services, and resulted in an overpayment of Medicaid funds to the state. CMS has estimated that the amount of funds that the division owes CMS is \$25.7 million.

The division has completed a work plan that addresses the deficiencies identified in these three audits. This plan adds staffing infrastructure in the areas identified as weaknesses, and requests funding to develop and implement a case management information system.

The division has appointed a Deputy Director, and an attorney to meet shortcomings highlighted by the Sterling Associates report. DDS also will add a program manager, data analyst, and half-time support person to enhance meeting waiver compliance issues raised in CMS review.

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Case Management Information System:

The current working environment for case managers requires access to a lot of information. Most of this information exists outside of the case managers surroundings. To get the information case managers must use multiple non-integrated individual system links that require a high level of familiarity with a variety of information systems. The potential for error and duplication in this process is high. In many cases, the information exists in paper form only. This can be out of date, inaccurate and cumbersome to use. An improved case management information system will provide the information required by the case managers in an integrated and meaningful manner, which will both reduce errors, duplication, and workload. The plan is to establish a case management information system that has links to the systems required by the case managers.

Narrative Justification and Impact Statement

How contributes to strategic plan:

This decision package contributes to the DDS strategic plan, DDS will develop information technology that supports, and enables partnerships, and community-based services; allows for integration of services; enhances standardization, and reduces duplication across the division, and, DDS will effectively and efficiently use resources to accomplish the values, principles, and the mission of DDS while maintaining accountability for public and client safety and authorized resources.

Performance Measure Detail

Program: 040

Goal: 16D Develop IT Supports for a Case Management System

Incremental Changes

FY 1

FY 2

No measures submitted for package

Reason for change:

Audit Responses:

These staffing changes will help DDS better manage resources and bring improved services to clients.

Case Management Information System:

The current case manager system is inadequate to support case management and effective client service delivery.

Impact on clients and services:

Audit Responses:

More effective utilization of resources should bring improved services to DDS clients.

Case Management Information System:

This expenditure will increase case manager efficiency, allow case managers to respond to additional workload, and enhance services. Clients and advocates, executive management, and labor are expected to support this.

Impact on other state programs:

None

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Relationship to capital budget:

None

Required changes to existing RCW, WAC, contract, or plan:

None

Alternatives explored by agency:

A reallocation of resources from within the division and the department was considered. Funds are currently unavailable to do this.

Budget impacts in future biennia:

Audit Responses:

These are continuing staff needs. The impact will continue into future biennia.

Case Management Information System:

This is development work. Ongoing maintenance will be required for the completed system.

Distinction between one-time and ongoing costs:

Audit Responses:

All staffing costs are considered ongoing.

Case Management Information System:

These are one-time expenditures.

Effects of non-funding:

Audit Responses:

The potential for future unfavorable audits of DDS's performance will remain high.

Case Management Information System:

Case managers will not have accurate, integrated, and timely information required to do their jobs.

Expenditure Calculations and Assumptions:

See attachment - DDS M2-PY Audit Responses.xls

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<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
A Salaries And Wages	0	216,500	216,500
B Employee Benefits	0	48,500	48,500
C Personal Service Contracts	0	350,000	350,000
E Goods And Services	0	130,500	130,500
G Travel	0	15,000	15,000
J Capital Outlays	0	350,000	350,000
T Intra-Agency Reimbursements	0	7,500	7,500
Total Objects	0	1,118,000	1,118,000

DSHS Source Code Detail

Overall Funding	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources</u> <u>Title</u>			
0011 General Fund State	0	664,000	664,000
<i>Total for Fund 001-1</i>	0	664,000	664,000
Fund 001-C, General Fund - Basic Account-DSHS Medicaid Federa			
<u>Sources</u> <u>Title</u>			
19TA Title XIX Assistance (FMAP)	0	454,000	454,000
<i>Total for Fund 001-C</i>	0	454,000	454,000
Total Overall Funding	0	1,118,000	1,118,000